

Message Text

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FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 0952

INFO AMEMBASSY KINGSTON

UNCLAS SANTO DOMINGO 2856

E.O. 11652: N/A

TAGS: EMIN, EFIN, DR

SUBJECT: PROPOSED DOMINICAN BAUXITE LEGISLATION

REF: SD 2813

SUMMARY: THE EMBASSY HAS SECURED A COPY OF THE
PROPOSED TAX LEGISLATION AFFECTING BAUXITE MINING
IN THE DOMINICAN REPUBLIC. AN INFORMAL
TRANSLATION FOLLOWS:

QUOTE: BILL ESTABLISHING A TAX ON BAUXITE PRODUCTION
WHEREAS: THERE HAS BEEN AN EXTRAORDINARY INCREASE IN
WORLD MARKETS IN THE PRICES OF RAW MATERIALS, INTERMEDIATE
GOODS AND FINISHED PRODUCTS, WHICH IS SERIOUSLY AFFECTING
OUR ECONOMY, BOTH AS REGARDS THE COST OF LIVING AND THE
BALANCE OF PAYMENTS;
WHEREAS: IT IS THE NATIONAL GOVERNMENT'S DUTY TO PRESERVE
THE STABILITY OF THE NATIONAL ECONOMY BY ADOPTING ANY
MEASURES THAT MAY BE CONSIDERED NECESSARY TO THIS END;
WHEREAS: ONE OF THE MEANS AVAILABLE TO THE STATE
IS THE ADEQUATE USE OF THE NATURAL RESOURCES WITH
WHICH THE COUNTRY IS ENDOWED, RENEWABLE OR OTHERWISE,
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AMONG WHICH BAUXITE IS INCLUDED;

WHEREAS: THE INCOME OBTAINED BY THE STATE AT PRESENT FROM THE EXTRACTION AND EXPORT OF BAUXITE REMAINS AT THE SAME LEVEL AS IN 1957, WHEN ITS EXPLOITATION BEGAN, DESPITE THE CHANGES IN THE INTERNATIONAL PRICE MARKETS, WHICH CANNOT BE JUSTIFIED IN ANY WAY FROM THE STANDPOINT OF OUR ECONOMY, SINCE IT SERIOUSLY AFFECTS OUR PAYMENT CAPACITY;

THE NATIONAL CONGRESS
IN THE NAME OF THE REPUBLIC
HAS ENACTED THE FOLLOWING LAW

ART. 1. A PRODUCTION TAX OF RD\$5.00 IS HEREBY ESTABLISHED ON EACH METRIC TON OF BAUXITE EXTRACTED OR EXPORTED FROM THE DOMINICAN MINES.

PARAGRAPH: THIS TAX SHALL NOT BE TAKEN INTO CONSIDERATION IN THE COMPUTATION, LIQUIDATION AND PAYMENT OF INCOME TAX.

ART. 2. A REFERENCE PRICE IS ESTABLISHED HEREBY FOR THE CALCULATION AND PAYMENT OF THE INCOME TAX ORIGINATED BY THE PRODUCTION AND EXPORT OF BAUXITE, WHICH WILL BE DETERMINED BY THE SECRETARY OF STATE FOR FINANCE. IN DETERMINING THE REFERENCE PRICE, THE SECRETARY OF STATE WILL TAKE INTO CONSIDERATION THE AVERAGE MONTHLY PRICES OF PRIMARY ALUMINUM IN THE INTERNATIONAL MARKETS;

ART. 3. UNDER NO CIRCUMSTANCES SHALL THE TOTAL AMOUNT OF THE PRODUCTION TAX PLUS THE INCOME TAX PAYABLE UNDER THE REFERENCE PRICE, AS SPECIFIED IN ART. 1 AND 2 OF THIS LAW, BE LESS PER METRIC TON OF DRY BAUXITE PRODUCED OR EXPORTED, THAN 7.5 PER CENT OF THE AVERAGE PRICE PER METRIC TON OF PRIMARY ALUMINUM, DIVIDED BY 4.8 IN ACCORDANCE WITH THE QUOTATIONS ON THE INTERNATIONAL MARKETS.

ART. 4. THE PERCENTAGE ESTABLISHED IN THE PRECEDING ARTICLE (7.5 PERCENT) WILL PREVAIL IN DETERMINING THE VALUE OF TAX PAYABLE FROM JANUARY 1, 1974, TO DECEMBER 31, 1974. IN 1975 THE BASIS TO BE USED WILL BE 8 PERCENT,
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AND AS FROM JANUARY 1, 1976, 8 1/2 PERCENT WILL BE USED AS A BASIS.

ART. 5. A MINIMUM TOTAL TAX PAYMENT OF RD\$12.08 IS HEREBY ESTABLISHED ON EACH METRIC TON OF DRY BAUXITE EXTRACTING OR EXPORTED, IF THE AVERAGE OBTAINED IN APPLYING ARTS. 1, 2 AND 3 IS LESS THAN THE ABOVE AMOUNT ON EACH METRIC TON EXPORTED.

ART. 6. BAUXITE PRODUCERS OR EXPORTERS, AS THE CASE MAY BE, SHALL PAY IN ADVANCE, QUARTERLY, TO THE NATIONAL TREASURER, VIA THE SECRETARY OF STATE FOR FINANCE, ON ACCOUNT OF THE FINAL LIQUIDATION, AMOUNTS COVERING THE TAX PAYABLE ON THE PRECEDING QUARTER. QUARTERLY PAYMENTS SHALL BE EFFECTED NOT LATER THAN THE 15TH OF THE MONTH FOLLOWING THE END OF EACH CALENDAR QUARTER.

PARAGRAPH I. IN MAKING THE QUARTERLY PAYMENT, INTERESTED PARTIES SHALL SUBMIT A SWORN STATEMENT TOGETHER WITH THE AMOUNT PAYABLE, CONTAINING THE FOLLOWING DATA:

A. QUANTITY OF BAUXITE EXTRACTED OR EXPORTED DURING THE QUARTER,

B. PRICES RECEIVED FOR THE PRIMARY ALUMINUM BY THE PRODUCERS OR THEIR ASSOCIATES IN THE INTERNATIONAL MARKETS,

C. TOTAL ADVANCE PAYMENT ON ACCOUNT OF FINAL TAX,

D. HOW THE AMOUNT APYABLE HAS BEEN CALUCULATED,

E. ANY OTHER INFORMATION THAT THE SECRETARY OF STATE FOR FINANCE MAY REQUIRE.

PARAGRAPH II. THE SECRETARY OF STATE FOR FINANCE WILL APPROVE THE ADVANCE PAYMENT IF HE CONSIDERS IT IN ACCORDANCE WIT THE LAW'S PROVISIONS. FAILING THIS, HE SHALL NOTIFY THE INTERESTED PARTY OF HIS OBJECTION THERETO, WHICH SAHLL BE COMPULSORY IN NATURE ALTHOUGH A CLAIM MAY BE LODGED AGAINST THE RULING AFTER THE SECRETARY'S REQUIREMENT HAS UNCLASSIFIED

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BEEN MET.

PARAGRAPH III. THE CUSTOMS OFFICE SHALL NOT ALLOW ANY SHIPMENTS OF BAUXITE TO BE EFFECTED WITHOUT THE PRIOR WRITTEN NOTIFICATION OF THE SECRETARIAT OF STATE FOR FINANCE TO THE EFFECT THAT THOSE PAYMENTS HAVE BEEN DULY MADE.

ART. 8. THE INTERESTED PARTIES SHALL SUBMIT A FINAL SWORN STATEMENT ON THE RESULTS OF THEIR OPERATIONS DURING THE PREVIOUS YEAR WITHIN THE TIME LIMITS SPECIFIED IN LAW NO. 5911 ON INCOME TAX, SHOWING THE QUANTITIES OF BAUXITE EXTRACTED AND/OR EXPORTED, AVERAGE PRICES OF THE PRIMARY ALUMINUM IN THE INTERNATIONAL MARKETS, TOTAL TAX PAYABLE UNDER THIS LAW IN ACCORDANCE

WITH ITS DIFFERENT REGULATIONS, EXPENSES INCURRED IN THE EXPLOITATION, TOTAL ADVANCE AMOUNTS PAID TO THE NATIONAL GOVERNMENT, AND THE PENDING BALANCE IN FAVOR OF THE NATIONAL TREASURY, WHICH SHALL BE PAID TOGETHER WITH THE STATEMENT IN QUESTION. IF THERE SHOULD BE A BALANCE IN FAVOR OF THE INTERESTED PARTY, THE FORMER SHALL BE DUDUCTED FROM THE ADVANCE QUARTERLY PAYMENTS OF THE FOLLOWING YEAR IN QUOTAS ESTABLISHED BY THE SECRETARY OF FINANCE.

ART. 9. THE SECRETARY OF STATE FOR FINANCE IS AUTHORIZED TO TAKE ANY REGULATORY MEASURES THAT ARE DEEMED FIT IN THE APPLICATION OF THIS LAW.

ART. 10. OUT OF THE PRODUCT OF THIS TAX, \$0.50 PER TON OF DRY BAUXITE EXPORTED WILL BE ASSIGNED TO UPGRADE THE MINING OFFICE INSTITUTIONALLY, AND \$0;25 TO DEVELOPMENT WORK IN THE PEDERNALES MUNICIPALITY.

ART. 11. THIS LAW REVOKES ANY OTHER LEGAL PROVISION THAT MAY BE CONTRARY THERETO.

GIVEN IN SANTO DOMINGO, NATIONAL DISTRICT, CAPITAL OF THE DOMINICAN REPUBLIC ON THE

DR. JUAN ESTEBAN OLIVERO	JESUS MARIA GARCIA MORALES
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SANTO DOMINGO, N.D.
JULY 5, 1974 END QUOTE
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Message Attributes

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